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UNDER SECRETARY FOR MANAGEMENT
U.S. DEPARTMENT OF STATE
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SPECIAL COMMITTEE ON THE YEAR 2000 TECHNOLOGY PROBLEM
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Mr. Chairman and Members of the Committee:

Thank you for this opportunity to testify on the Year 2000 preparedness of the U.S. to deal with international issues. Y2K is a complex problem with international reach. Those working on the Y2K problem are confronted with limited resources, limited time, imperfect information and uncertainty regarding the scope and duration of potential effects. As you can imagine, Mr. Chairman, these constraints are even more challenging internationally. Despite these difficulties, the State Department has used its existing infrastructure and expertise in crisis management and diplomacy to effectively prepare for the potential impact of Y2K problems overseas.

We have not done this alone, however. There is an International Y2K Interagency Working Group co-chaired by State and the Department of Defense with eleven agencies as members. We have formally met every three to four weeks. We have conducted numerous sessions on sector and country specific issues. This interagency partnership has been effective. With the Department of Energy we addressed serious issues regarding nuclear power in central and

Eastern Europe and, with our European partners, we addressed power grid operations in those regions. Our efforts with the Department of Defense have focused on infrastructure issues in those countries where the operational readiness of our armed forces could be affected. With the Department of Commerce in the lead, we co-sponsored seminars for small and medium sized businesses. Together with the Department of Transportation and Federal Aviation Administration we have worked bilaterally and multilaterally on air traffic control and airport safety issues, which resulted in the FAA issuing specific information to the public on September 30th. Members of this committee have also been a great help in assisting with discussions with leaders in key nations and in raising public awareness of this issue worldwide.

As reflected in the State Department's Y2K preparations, our highest priority is ensuring the safety of Americans living and traveling abroad, including our own employees. We have done this by focusing our Y2K efforts at posts overseas in three key areas. First, we have worked to make sure that our mission-critical systems all over the world are themselves Y2K compliant so that we can continue to provide critical services to Americans overseas. Second, we have been coordinating closely with our missions abroad to ensure their continued safe operation despite any potential Y2K related disruptions in host country infrastructure. Third, we have conducted a dialogue and continue to cooperate with other countries to encourage their efforts to prepare for Y2K.

The Department has fully remediated and implemented 100 percent of its Mission Critical and Critical systems. The Department's program to ensure Y2K compliance and the

continuity of the Department's business processes includes intensive technical Strike Force review, end-to-end testing and independent Y2K certification with oversight from the Office of the Inspector General for Mission Critical systems. In addition, the Department is in the process of exercising its contingency plans to ensure that our business processes are maintained in the event of any Y2K failures. Our command and control systems, which enable our post's communications with the Department and with host governments, have also undergone extensive remediation and contingency planning. Based on our accomplishments, we have received a grade of "A" for our systems readiness from the House Subcommittee on Government Management, Information, and Technology.

In addition to systems readiness, our posts have taken steps to ensure that their core functions, including the protection of American citizens can continue uninterrupted. In February of 1999, all posts received a Contingency Planning toolkit to assist in their preparations for Y2K. The toolkit was designed to help posts identify any gaps in existing post contingency plans and resources for potential Y2K related infrastructure problems. By May of 1999, all Chiefs of Missions certified post readiness for the transition to the Year 2000 and identified resources required to ensure operational readiness for 15 to 30 days. Based on this information, the Department prepared a request and received funding from OMB for generators, fuel, and other critical resources. The government is committed to ensuring that our overseas posts are adequately prepared to meet Y2K contingencies.

Based on information available to date, the Department does not plan on closing any posts. However, at posts where we identify a high likelihood of issues of unknown duration related to Y2K, such as power failures in cold weather climates, we will provide authorized departure orders for non-emergency personnel. We will make our determinations on this issue towards the end of October, with departures scheduled for December. Simultaneous with making these decisions the U.S. public will be notified through the Consular Information Program in the form of a Travel Warning.

The Consular Information Program has long served as the Department's primary means of alerting the public to potential problems they may encounter in different countries. Travel Warnings are issued when the State Department decides based on relevant information, to recommend that Americans avoid travel to a certain country. A Travel Warning would be issued for any country for which the Department of State authorizes or orders departure of official personnel or U.S. Embassy or Consulate dependants. Other tools of our Consular Information Program include Public Announcements and Consular Information Sheets.

In January 1999, we began our effort to educate the traveling American public about the potential for Y2K-related disruptions abroad. It began with the issuance of a Worldwide Y2K Public Announcement, which alerted traveling Americans to the Y2K phenomenon in general and its potential to disrupt travel. A subsequent July Public Announcement highlighted the need for personal preparedness on the part of private Americans and noted the inability of our missions to directly provide food, water and shelter to the millions

of Americans abroad. The July Public Announcement also apprised the public of the measures we have taken to keep our embassies and consulates functioning.

We are encouraging U.S. Citizens resident abroad to take the same types of precautions as recommended by FEMA and organizations such as the Red Cross. One specific caution included in the July Public Announcement is an alert regarding the potential for the disruption of normal medical services and suggests that travelers with special medical needs consult with their personal physician regarding their travel plans. Copies of the January and July Public Announcements are attached.

On September 14th, the Department issued updated Consular Information Sheets for every country in the world. I am pleased to provide you a summary of our country-by-country Y2K Consular Information Sheet segments (see attachment). Each Consular Information Sheet contains a section assessing the potential for disruptions, remediation efforts and possible impact in a specific country. Our fundamental purpose in releasing this information is to apprise U.S. citizens of potential disruptions they might experience due to the Y2K phenomenon, and to allow Americans to be better prepared and to make informed personal decisions about travel on or about January 1, 2000. As in the July Public Announcement, each Sheet also specifically cautions American citizens regarding the potential for the disruption of normal medical services.

The Consular Information Sheets represent our best current judgment on potential problems for U.S. citizens living and traveling abroad. The Sheets are not a scorecard.

They were developed after an extensive review process, which included an analysis provided by Larry Gershwin, who is testifying here today, and his staff at the National Intelligence Council (NIC). Since January of 1999, Department personnel both here in Washington and at our posts abroad have been assessing the Y2K preparedness of countries' key sectors. Y2K information has been obtained from a variety of sources including discussions with local industry representatives, private sector groups, the U.S. business community and other experts.

As we receive significant new information regarding a country's preparedness, we will provide updates. At the end of October when authorized departure decisions are made, we will update the Consular Information Sheets to reflect this new information. At the end of October, we also anticipate issuing strengthened Consular Information Sheets for a small number of countries that do not warrant an authorized departure, but have not made the anticipated progress on their remediation efforts. The Consular Information Sheets and future updates may be found on our website <http://travel.state.gov>. The Consular Affairs home page receives an average of 250,000 hits daily. On September 14th, the date of the release of the revised Consular Information Sheets, the site received 329,632 hits and on September 15th 377,677 hits.

This site also contains Y2K-related links to web sites of other U.S. Government agencies, international organizations and foreign governments as well as non-governmental organizations, such as the Red Cross, the Gartner Group and Global 2000. In addition, we have raised Y2K awareness through an outreach program, including

speakers, media interviews and publications. Our embassies, consulates, and U.S. regional passport agencies have supplemented these efforts with "town meetings" and newsletters. We encourage Americans traveling and working abroad to consult sources in their countries of interest for detailed information such as plans to temporarily halt flights or trains during the critical hours before and after the transition to the Year 2000.

A key factor influencing our ability to support Americans abroad is the receipt of timely reporting from our overseas posts during the "rollover" which we define as the time when clocks turn from midnight, December 31st to the morning of January 1st. At the State Department, we plan to have our posts overseas report at one hour after midnight local time. In these "weathervane" reports, posts will be asked to comment on the status of critical infrastructure within a host country, including power, transportation, finance, water and wastewater, emergency services, and telecommunications. This reporting will serve as an early warning system for the U.S. on the types of problems that may occur domestically. We will quickly be able to identify locations where power grids are not functioning or telecommunications systems are down.

Following this initial reporting, posts will be asked to answer more detailed questions regarding the status of critical infrastructure in the host country by 12-noon local time on January 1st and for 3 days to follow, or as needed. We have developed a specialized assessment tool that quickly consolidates post results and depicts the local status graphically. Of course, posts are encouraged to report any

emergencies to our Operations Center using their already established crisis reporting procedures.

On September 9th, the Department successfully tested its ability to gather, analyze and disseminate global Y2K information in an expedient and accurate manner. This represented the most comprehensive worldwide Y2K reporting exercise within the U.S. Government. We received reports from 163 posts. The reporting schedule used for posts during the exercise is attached. Based on the lessons learned from the exercise, we are enhancing our data-gathering process for the rollover. With regard to information sharing on January 1st and the days immediately following, we will continue to coordinate our efforts with the Information Coordination Center (ICC), the UN sponsored International Y2K Cooperation Center based at the World Bank, and other U.S. government agencies engaged in similar tracking of Y2K events.

We have also established a Y2K Working Group that includes individuals from our regional and functional bureaus, such as Consular Affairs, and is serving as the coordinating body of Y2K events preparing for the rollover. It has been meeting weekly for the last two months and participated in the September 9th test. As part of its role, it has coordinated the work of the Y2K Task Force responsible for analyzing the incoming information from posts abroad and other sources after the rollover. The structure of the Y2K Task Force is based on the existing infrastructure at the State Department for task forces, which are specifically convened in response to major crises abroad. This group has received specific training for Y2K

and has worked with individual Department bureaus to establish staffing and Bureau Response Plans for the rollover.

The United States does business with, and U.S. citizens travel to, or reside in almost all countries of the world. The Department of State has embassies and consulates in 164 nations. We are monitoring Y2K remediation progress in all countries where Y2K problems could affect these vital interests.

As noted above, the Department of State has been and continues to be an active participant in the collection and sharing of Y2K preparedness data. The Bureau of Intelligence and Research participated in the preparation of the National Intelligence Estimate on Y2K. The Department has been collecting data from its posts on Y2K preparedness of their host nations and we have shared that information with interested organizations in the U.S. Government.

A trend line evident in virtually all studies, including our own, is that all of the countries with which the US enjoys close economic, trade and military relationships, have over the past year shown constant improvement in their state of Y2K readiness. Yet despite this favorable overall trend, we are continuing to focus on specific sectors that might pose problems to our interests and seeking to obtain more information from the host governments involved.

The International Y2K Interagency Working Group (IWG) co-chaired by the State Department and the Department of Defense, which I referred to earlier, is the forum in which

Y2K preparedness information is used to formulate policy. The IWG has been meeting regularly since February of 1999, serving as both an information exchange and policy development body. IWG subgroup meetings held in late May and early June, and again in September, have tightly focused on specific countries and key sectors. Over 30 of these subgroup meetings have been held with interagency representation. The meetings have resulted in a series of action items related to both information gathering and policy initiatives.

As a result of these meetings, we are focusing much of our outreach effort in the next three months primarily in the area of power, but also in the areas of transportation and telecommunications. These critical sectors have repeatedly surfaced as problem areas in countries of strategic interest to the U.S. These sectors have international interconnections and a failure in one country could cascade to other countries. In addition, other key sectors, such as banking and health, depend on these three sectors.

Predicting exactly where problems will occur, their duration, and their possible effects on U.S. strategic and economic interests is extremely difficult. In attempting to find answers, we have consulted widely within the USG, with foreign governments, international bodies and the private sector. We will continue our dialogue with each entity through the New Year.

Clearly, we do not have the resources or the expertise to solve the problems of all countries that might experience Y2K problems. We are attempting to identify with greater

clarity those countries where U.S. interests, be they economic, military, strategic or the presence of large numbers of travelling or residing Americans, are demonstrably present. Assisting such countries, to the extent we are able, will be very important.

We have worked with other APEC member countries to identify Y2K problems in these countries and in the region generally. Similarly, we have maintained a close relationship with the countries of Africa, Latin America, the former Soviet Union and Central Europe about Y2K problems. The Department has supported the two International Y2K Coordinators' meetings held at the UN. In addition, through the G-8, we have done assessments, contingency planning and will soon coordinate our response mechanisms.

We have participated in bilateral and trilateral meetings with our neighbors Canada and Mexico. In addition, I have personally met with and reviewed Y2K preparedness with officials from China, France, Italy, Lebanon, Syria and Russia. Others in the Department have had similar meetings with a wide range of country officials. The Secretary recently convened a meeting of the Diplomatic Corps here in Washington to emphasize the message of contingency planning. She was joined by John Koskinen of the President's Council on the Year 2000 Conversion.

Work on the international aspects of the Y2K problem has truly been an interagency and multilateral organization cooperative effort, as well as a public and private sector partnership. As I mentioned in my introduction, in coordination with other departments, such as Commerce,

Transportation, Defense, Energy and the Agency for International Development (AID), the State Department has been involved in a number of initiatives to mitigate the potential effects of Y2K on aviation safety, ports, nuclear power plants, small and medium sized businesses, and operational readiness of our military forces abroad.

In another example, a private sector group of multinational corporations concerned with telecommunications in countries in which they conduct business worked closely with us and the Department of Commerce in identifying potential problem areas. Our embassies facilitated the private industry dialogue with host government officials. I won't say that every problem was fixed or every issue settled, but that process heightened awareness and pushed remediation and contingency planning.

Despite all these preparations and efforts, should widespread Y2K induced failures occur in other countries, we will have to choose carefully where we might intervene if the host country asks for help. In making these decisions, the U.S. Government already has existing mechanisms for establishing National Security and Foreign Policy priorities. These existing decision-making mechanisms, such as the Principals' and Deputies' Committees of the National Security Council, will continue to be used in the case of Y2K. The resources and skilled personnel available to traditional domestic and international assistance agencies to work on Y2K are tightly constrained. Coordinating with other countries that might also be in a position to help to do so will also be very important.

Our preference would be for every nation to do the necessary remediation to minimize the scope of possible Y2K problems. If this cannot be done, we have urged these countries to prepare carefully conceived and tested contingency plans.

Congress, through its own pronouncements and hearings, has been very helpful in raising general public awareness and promoting deeper understanding.

I am increasingly confident that our focused preparations, and those of other countries, have significantly reduced the potential scope of Y2K problems that the global community will have to face. However, there is no room for complacency. In the coming weeks and months, we will intensify our outreach efforts for remediation and contingency planning to focus on specific sectors within countries where we think U.S. interests might be adversely affected.

Our cooperation on this issue has been an excellent example of how well the legislative and executive branches can work together. I look forward to continuing the partnership through and beyond the millennium.

Mr. Chairman, this concludes my testimony. Thank you for the opportunity to speak to the Committee today. I will be happy to answer any questions the members may have.

Clearances: P: TPickering

L: JThessin

H: PBuckheit

CA: MGaw

IRM: DAmes

OMB: JPipan

